

110TH CONGRESS
2D SESSION

H. R. 5678

To provide economic stimulus through emergency community development block grant assistance for the redevelopment of abandoned and foreclosed homes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 2008

Ms. WATERS introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide economic stimulus through emergency community development block grant assistance for the redevelopment of abandoned and foreclosed homes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Neighborhood Rescue
5 and Stabilization Act of 2008”.

1 **SEC. 2. EMERGENCY ASSISTANCE FOR THE REDEVELOP-**
2 **MENT OF ABANDONED AND FORECLOSED**
3 **HOMES.**

4 (a) DIRECT APPROPRIATIONS.—There is authorized
5 to be appropriated for fiscal year 2008, \$10,000,000,000,
6 to remain available until expended, for assistance to
7 States, qualified metropolitan cities, and units of general
8 local government for the redevelopment of abandoned and
9 foreclosed homes.

10 (b) ALLOCATION OF APPROPRIATED AMOUNTS.—

11 (1) ALLOCATION BY HUD FOR STATES.—Any
12 amounts appropriated or otherwise made available
13 pursuant to this section shall be allocated by the
14 Secretary of Housing and Urban Development
15 among the States, and provided to the States, in
16 amounts determined according to the funding for-
17 mula established pursuant to paragraph (2).

18 (2) FORMULA FOR ALLOCATION AMONG
19 STATES.—

20 (A) ESTABLISHMENT.—Not later than 60
21 days after the date of the enactment of this
22 Act, the Secretary shall establish a funding for-
23 mula under this paragraph.

24 (B) CRITERIA.—The funding formula
25 under this paragraph shall provide that, of the
26 aggregate amount appropriated or otherwise

1 made available pursuant to this section, the
2 amount allocated for each State shall be the
3 amount that bears the same ratio to such ag-
4 gregate amount as the number of foreclosures
5 on mortgages for homes occurring in such State
6 during the most recently completed two cal-
7 endar quarters for which such information is
8 available, as determined by the Secretary, bears
9 to the aggregate number of such foreclosures
10 occurring in all States during such calendar
11 quarters, as such amount is adjusted to account
12 for differences in the States in—

13 (i) the number and percentage of
14 homes in a State that are financed by a
15 subprime mortgage related loan;

16 (ii) the number and percentage of
17 homes in a State in default or delinquency;
18 and

19 (iii) the median home price in a State.

20 (3) DISTRIBUTION.—Amounts appropriated or
21 otherwise made available under this section shall be
22 distributed to the States according to the funding
23 formula required under paragraph (2) not later than
24 30 days after the establishment of such formula.

1 (4) ALLOCATION BY STATES FOR QUALIFIED
2 METROPOLITAN CITIES.—

3 (A) REQUIREMENT TO ALLOCATE.—Of any
4 amounts allocated pursuant to this subsection
5 for a State, such State shall allocate for each
6 qualified metropolitan city located in such State
7 an amount, as determined according to the
8 funding formula established pursuant to sub-
9 paragraph (B).

10 (B) FORMULA FOR ALLOCATION AMONG
11 STATES.—

12 (i) ESTABLISHMENT.—Not later than
13 60 days after the date of the enactment of
14 this Act, the Secretary shall establish a
15 funding formula under this subparagraph.

16 (ii) CRITERIA.—The funding formula
17 under this subparagraph shall provide that,
18 of the aggregate amount allocated pursu-
19 ant to this subsection for a State, the
20 amount allocated for a qualified metropoli-
21 tan city located in the State shall be the
22 amount that bears the same ratio to such
23 aggregate amount as the number of fore-
24 closures on mortgages for homes occurring
25 in such qualified metropolitan city during

1 the most recently completed two calendar
2 quarters for which such information is
3 available, as determined by the Secretary,
4 bears to the aggregate number of such
5 foreclosures occurring in such State during
6 such calendar quarters, as such amount is
7 adjusted to account for differences between
8 the qualified metropolitan city in and State
9 in—

10 (I) the percentage of homes that
11 are financed by a subprime mortgage
12 related loan;

13 (II) the percentage of homes in
14 default or delinquency; and

15 (III) the median home price.

16 (5) OTHER AMOUNTS.—Any amounts allocated
17 for a State that are not allocated for a qualified
18 metropolitan city pursuant to paragraph (4) may be
19 used for any units of general local government in the
20 State.

21 (c) USE OF FUNDS.—

22 (1) IN GENERAL.—Any State, qualified metro-
23 politan city, or unit of general local government that
24 receives amounts pursuant to this section shall, not
25 later than 18 months after the receipt of such

1 amounts, use such amounts to redevelop abandoned
2 and foreclosed homes.

3 (2) PRIORITY.—Any State, qualified metropoli-
4 tan city, or unit of general local government that re-
5 ceives amounts pursuant to this section shall in dis-
6 tributing such amounts give priority emphasis and
7 consideration to those metropolitan areas, metropoli-
8 tan cities, urban areas, rural areas, low- and mod-
9 erate-income areas, and other areas with the great-
10 est need, including those—

11 (A) with the greatest percentage of home
12 foreclosures;

13 (B) with the highest percentage of homes
14 financed by a subprime mortgage related loan;
15 or

16 (C) identified by the State, qualified met-
17 ropolitan city, or unit of general local govern-
18 ment as likely to face a significant rise in the
19 rate of home foreclosures.

20 (3) ELIGIBLE USES.—

21 (A) IN GENERAL.—Amounts made avail-
22 able under this section may be used only as fol-
23 lows:

24 (i) FINANCIAL ASSISTANCE THROUGH
25 INSTITUTIONS AND ORGANIZATIONS.—To

1 make grants, loans, and other financing
2 mechanisms to community development fi-
3 nancial institutions (as such term is de-
4 fined under section 103(5) of the Commu-
5 nity Development Banking and Financial
6 Institutions Act of 1994 (12 U.S.C.
7 4702(5))), national intermediaries, and
8 nonprofit housing or community develop-
9 ment organizations and others to purchase
10 and rehabilitate homes that have been
11 abandoned or foreclosed upon, in order to
12 sell, rent, or redevelop such homes.

13 (ii) FINANCING MECHANISMS FOR RE-
14 DEVELOPMENT.—To establish financing
15 mechanisms for redevelopment of fore-
16 closed upon homes, including such mecha-
17 nisms as soft-seconds, loan loss reserves,
18 and shared-equity loans for low- and mod-
19 erate-income homebuyers.

20 (iii) PURCHASE AND REHABILITATION
21 FOR SALE OR RENTAL.—To purchase and
22 rehabilitate homes that have been aban-
23 doned or foreclosed upon, in order to sell,
24 rent, or redevelop such homes.

1 (iv) LAND BANKS.—To establish land
2 banks for homes that have been foreclosed
3 upon.

4 (v) DEMOLITION.—To demolish
5 blighted structures.

6 (vi) PROJECT-BASED RENTAL ASSIST-
7 ANCE.—To provide rental assistance for
8 low- and moderate-income persons (as such
9 term is defined in section 102 of the Hous-
10 ing and Community Development Act of
11 1974 (42 U.S.C. 5302)) that is attached to
12 single family and multifamily residences.

13 (vii) PROJECT OPERATING RE-
14 SERVES.—To provide grants for use to
15 cover the loss of rental assistance or in
16 conjunction with a project loan that is at-
17 tached to single family and multifamily
18 residences.

19 (viii) PROJECT OPERATING SUB-
20 SIDIES.—To fund project operating ac-
21 counts used to cover net operating income
22 shortfalls for single and multifamily resi-
23 dences. Eligible operating costs shall in-
24 clude costs of management, taxes, han-
25 dling, insurance, and other related costs.

1 (ix) CDBG-ELIGIBLE ACTIVITIES.—

2 To carry out any activities that, under sec-
3 tion 105 of the Housing and Community
4 Development Act of 1974 (42 U.S.C.
5 5305), are eligible to be carried out with
6 amounts provided under title I of such Act.

7 (B) LIMITATION.—Any funds used under
8 this section for the purchase of an abandoned
9 or foreclosed upon home shall be at a cost equal
10 to or less than the appraised value of the home
11 based on the most up-to-date appraisal, as such
12 appraisal is defined by the Secretary.

13 (d) RULE OF CONSTRUCTION.—Amounts appro-
14 priated or otherwise made available to States, qualified
15 metropolitan cities, and units of general local government
16 under this section shall be treated as though such funds
17 were community development block grant funds under title
18 I of the Housing and Community Development Act of
19 1974.

20 (e) WAIVER AUTHORITY.—

21 (1) IN GENERAL.—In administering any
22 amounts appropriated or otherwise made available
23 under this section, the Secretary may waive, or
24 specify alternative requirements for, any provision of
25 any statute or regulation that the Secretary admin-

1 isters (but not including the requirements of this
2 section) in connection with the obligation by the Sec-
3 retary or the use by the recipient of such funds (ex-
4 cept for requirements related to fair housing, non-
5 discrimination, labor standards, and the environ-
6 ment), in order to expedite or facilitate the use of
7 such funds.

8 (2) LOW AND MODERATE INCOME REQUIRE-
9 MENT.—Notwithstanding the authority of the Sec-
10 retary under paragraph (1)—

11 (A) all of the funds appropriated or other-
12 wise made available under this section shall be
13 used with respect to persons whose incomes do
14 not exceed 120 percent of area median income;
15 and

16 (B) not less than 25 percent of the funds
17 made available under this section to any State,
18 qualified metropolitan city, or unit of general
19 local government shall be used with respect to
20 persons whose incomes do not exceed 30 per-
21 cent of the area median income.

22 (f) DEFINITIONS.—For purposes of this Act, the fol-
23 lowing definitions shall apply:

24 (1) QUALIFIED METROPOLITAN CITY.—The
25 term “qualified metropolitan city” means a metro-

1 politan city, as such term is defined in section 102
2 of the Housing and Community Development Act of
3 1974 (42 U.S.C. 5302), that has a population of not
4 less than 200,000, as determined by the 2000 decen-
5 nial census.

6 (2) SECRETARY.—The term “Secretary” means
7 the Secretary of Housing and Urban Development.

8 (3) STATE; UNIT OF GENERAL LOCAL GOVERN-
9 MENT.—The terms “State” and “unit of general
10 local government” have the meanings given such
11 terms in section 102 of the Housing and Community
12 Development Act of 1974 (42 U.S.C. 5302).

13 (g) EMERGENCY DESIGNATION.—The amounts ap-
14 propriated under this title are designated as an emergency
15 requirement and necessary to meet emergency needs pur-
16 suant to section 204 of S . Con. Res. 21 (110th Congress),
17 the concurrent resolution on the budget for fiscal year
18 2008.

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